

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

Universal Service

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Contribution Methodology

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WC Docket No. 06-122

**REPLY COMMENTS  
OF  
GVNW CONSULTING, INC.**

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August 26, 2019

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**I. INTRODUCTION & SUMMARY**

GVNW Consulting, Inc. (“GVNW”) submits these reply comments to address the Federal Communications Commission (“FCC”) request for comments relating to establishing an overall cap on the Universal Service Fund (“USF” or “Fund”) and other proposed changes as set forth in a Notice of Proposed Rulemaking (*NPRM*) in the above-captioned docket.<sup>1</sup>

A review of the comments filed in response to the *NPRM* shows that the record in this proceeding does not support combining the USF mechanisms for high-cost areas, low-income consumers, schools and libraries, and health care with an overall cap on USF. Further, these comments state that a cap would be contrary to Congress’ intent and the Act, and would not provide the predictability and sufficiency required by law for each of the program’s specific and distinct area of emphasis. Lastly, the record shows that it is not good public policy to establish an overall cap on USF because there are other alternatives to budget for the sufficient distribution of funds for each of the programs to ensure that the programs can advance their particular area of need.

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<sup>1</sup> Universal Service Contribution Methodology: Notice of Proposed Rulemaking, Docket No. 06-122, FCC 19-46 (2019) (*NPRM*).

## **II. THE RECORD DOES NOT SUPPORT THE ESTABLISHMENT OF A CAP ON THE UNIVERSAL SERVICE FUND.**

### **A. Many parties agree that a cap on the USF would be contrary to Congress' intent and the Act because it would not provide the predictability and sufficiency required by law.**

Establishing an overall cap on the USF would be contrary to Congress' intent and the law, and would set in place a mechanism that would ultimately cause the Fund to be unpredictable and insufficient to preserve and advance universal service. Like GVNW, many commenters agree that Congress did not intend for the separate programs to advanced universal service under an overall cap.<sup>2</sup> For example, WTA commented, "Congress has delegated to the Commission the authority to establish the four separate existing USF programs . . . but not the authority to subject them to a single, comprehensive USF budget potentially pitting them against each other." Moreover, WTA stated that "the overall Universal Service Fund ("USF") cap proposed in the *NPRM* not only will undermine the predictability and sufficiency promised in the 2018 Rate-of-Return High-Cost Support Order, but also has a number of substantial legal and policy flaws that preclude its adoption."<sup>3</sup>

Likewise, NTCA notes that an "overall cap on the USF would be inconsistent with the mandate to ensure specific, predictable and sufficient support for each program."<sup>4</sup> Moreover, NTCA states an overall cap would "threaten predictability for each of the programs because each will be at risk of losing funding as resources may be allocated differently amongst them from year-to-year."<sup>5</sup>

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<sup>2</sup> Comments of NTCA, WC Docket No. 06-122 (fil. Jul. 29, 2019), pp. 1-2; Comments of WTA, WC Docket No. 06-122 (fil. Jul. 29, 2019), p. 2; Comments of Alaska Communications, WC Docket No. 06-122 (fil. Jul. 29, 2019), p. 5; Puerto Rico Telephone Company, WC Docket No. 06-122 (fil. Jul. 29, 2019), pp. 4-7.

<sup>3</sup> Comments of WTA, WC Docket No. 06-122 (fil. Jul. 29, 2019), p. 2.

<sup>4</sup> Comments of NTCA, WC Docket No. 06-122 (fil. Jul. 29, 2019), pp. 1-2.

<sup>5</sup> Comments of NTCA, WC Docket No. 06-122 (fil. Jul. 29, 2019), pp. 1-2.

Given the many comments in the record that the mandate that Congress provided to the Commission that funding for the mechanisms should be “specific, predictable and sufficient” to preserve and advance universal service, an overall cap on USF would be contrary to Congress’ intent and the Act, and the Commission should not establish such a cap.

**B. Many parties agree that a cap on the USF would not be good public policy because there are mechanisms in place or alternatives available to ensure USF Funding provides the predictability and sufficiency required by law.**

An overall cap would not be a good public policy and is not necessary to ensure that the USF mechanisms are predictable and sufficient so that they preserve and advance universal service because the Commission has mechanisms in place or can budget for the USF Funding needs for each mechanism. Several commenters agree that an overall cap on USF would not be good policy because the Commission has mechanisms in place to access the funding needs of each program and to set budgets for them accordingly.<sup>6</sup>

For example, INCOMPAS stated that “the Commission’s current cap and budget processes for the USF programs, as well as its ongoing proceedings that review those programs are sufficient and that an overall USF cap is not needed. . . .”<sup>7</sup> Similarly, the Small Company Coalition commented, “the FCC already possesses the decisional latitude to make assessments of program value and performance, and substantial adjustments to financial commitments flowing from such assessments.”<sup>8</sup>

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<sup>6</sup> Comments of Gila River Telecommunications, Inc., WC Docket No. 06-122 (fil. Jul. 15, 2019), p. 4; Comments of INCOMPAS, WC Docket No. 06-122 (fil. Jul. 29, 2019), p. 4; Comments of Small Company Coalition, WC Docket No. 06-122 (fil. Jul. 29, 2019), p. 3; Puerto Rico Telephone Company, WC Docket No. 06-122 (fil. Jul. 29, 2019), pp. 8-9.

<sup>7</sup> Comments of INCOMPAS, WC Docket No. 06-122 (fil. Jul. 29, 2019), p. 4.

<sup>8</sup> Comments of Small Company Coalition, WC Docket No. 06-122 (fil. Jul. 29, 2019), p. 3.

Since the Commission has the ability to access the specific USF needs of each program annually or for a more extended period, and the ability to adjust a budget if needed, it simply would not be a good policy to set an overall cap for the USF that could limit the funding for some, if not all, of the mechanisms from advancing universal service for their particular area of need.

### **III. CONCLUSION**

For the reasons set forth herein, the record in response to the *NPRM* does not support the following:

- (1) The establishment of an overall cap on the USF because it would not provide a specific, predictable and sufficient USF Funding for each of the mechanisms.
- (2) The establishment of an overall cap on the USF because it would not be good public policy to set an overall cap on the USF where the Commission has mechanisms in place to access the distribution needs of each program or can set the budget that would provide specific, predictable and sufficient USF Funding.

Respectfully submitted,

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